



Democratic State of the Union Response Center

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## **Rx DRUGS: RHETORIC AND REALITY**

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**RHETORIC:** Seniors will see lower drug costs right away under President's new prescription drug plan.

**REALITY:** That's not true. In fact, the new benefit does not begin until 2006 and the new drug discount card provides no guaranteed savings. Right now, these prescription cards provide a discount of only about 10 percent, and the new law doesn't require a guarantee of a basic level of savings. Since cards are already available, there's no reason to think the current minimal discount will increase. Seniors can often find similar savings without a discount card by comparison shopping at local pharmacies, through other sources like internet pharmacies, or by using their "senior" discount.

**RHETORIC:** Seniors get more choices under the President's plan – just like the health care options members of Congress get.

**REALITY:** The truth is, members of Congress can't purchase a benefit this bad. The new benefit is worth much less than the standard drug benefit available to Federal workers. Drug coverage that members of Congress get does not have a separate premium or a coverage gap of \$2,850.

Under this plan, HMOs and the big drug companies make the important choices – what kind of benefits seniors get and how much they have to pay. This plan takes away choices from seniors.

**RHETORIC:** Every senior will pay less for their prescription drugs under the President's new program, and their health care will become more affordable.

**REALITY:** That's not true. In fact, 2.7 million retirees will lose their existing retiree drug coverage under this plan – coverage that is uniformly better than the President's drug benefit. Millions of the poorest seniors face new copayments and new limits on their access to drugs. And, under this plan, seniors will see their Medicare Part B deductible and premiums increase.

The real winners under this bill are the HMOs and pharmaceutical companies. The HMOs receive billions in additional Federal subsidies under the President's plan, and the pharmaceutical companies see a windfall of as much as \$139 billion over six years because the President's plan prohibits Medicare from negotiating in order to get the best deal for seniors and the government.

**RHETORIC: This bill provides extra subsidies to make sure rural seniors get the help they need with the cost of prescription drugs.**

**REALITY:** The final Medicare bill prohibits Medicaid from filling in the gaps in the new Medicare benefit, as Medicaid does now for other benefits. As a result, most of the 1.7 million rural Medicare beneficiaries who also receive Medicaid would end up being worse off than they are today. Most of these beneficiaries would be charged higher co-payments for prescription drugs under the new Medicare drug benefit than they now pay, and some could lose access to particular drugs if they are not covered under their new drug plan's formulary.

**RHETORIC: Seniors nationwide support the President's prescription drug plan.**

**REALITY:** That's not true. Almost 300 senior and health care advocacy groups oppose the drug bill, and over 15,000 AARP members have resigned in protest. Seniors do not support this new plan.

**RHETORIC: The Republican plan is voluntary. No one is forced to do anything. People who like what they have today can keep it.**

**REALITY:** That's not true for millions of Americans. 2.7 million Americans will lose their retiree coverage, and 6.4 million low-income Americans will pay more than they do for their drugs today. Up to 7 million Americans may be subject to the GOP privatization experiment, and thousands may lose their Medigap coverage.